

FAQS ON STAMP DUTY

➤ **What is Stamp duty?**

It is a tax, similar to sales tax and income tax, collected by the Government. Stamp Duty is payable under Section 3 of the Indian Stamp Act, 1899. Rates of stamp duty payable for different types of documents are as per Schedule I of Stamp Act 1889. Stamp Duty must be paid in full and in time. If there is a delay in payment of stamp duty, it attracts penalty.

➤ **What is the purpose of Indian Stamp Act?**

Payment of stamp duty imparts legality to the document and this can be submitted as an authentic document in courts. Additionally, the purpose of enacting such an Act is to raise revenue for the local governments.

➤ **What is the rate of Stamp Duty in West Bengal?**

Stamp duty at the rate of Fifty (50) Paise for every Rs.5000/- or part thereof of the value of the stock or security is payable.

➤ **Who is liable to pay Stamp Duty?**

In case of Stock Exchange activity Stamp Duty is payable by the trading member of the Exchange and is usually recovered from sub-brokers/investors.

➤ **Why Should Stamp duty be paid?**

This is a requirement by the statute. A stamp duty paid document gets evidentiary value and is admitted as evidence in Court. Document not properly stamped, is not admitted as evidence by the Court.

➤ **What is the other name of Stamp Duty for stock market brokers?**

Broker Note Stamp. is the other name of Stamp Duty for Stock market brokers.

➤ **Please specify the services for which Stamp Duty can be paid through MCA21 system?**

Stamp duty is payable on filling of e-form 1 (including MOA & AOA), 5 & 44 can be paid through MCA 21 System.

➤ **Is there any maximum limit of Stamp duty in West Bengal?**

No. There is no maximum limit of Stamp Duty in West Bengal.

➤ **How should one sign an instrument affixed with adhesive stamp?**

As per the provisions of Section 12, any person executing an instrument affixed with adhesive stamp, shall cancel the adhesive stamp so affixed by writing on or across the stamp his name or initials. If such an adhesive stamp has not been cancelled in the aforesaid manner, such a stamp is deemed to be unstamped.

➤ **What type of Stamp duty is applicable in most of the state in India?**

State	Amount of Stamp Duty	%	Maximum Limit
West Bengal	0.50 for every Rs.5000/- or part there of the stock or securities	0.01	
Andhra Pradesh	Fifty paise (Rs.0.50/- for every Rs.10,000/- or part there of the stock or securities	0.005	Rs.50/-
Assam	Rs.0.90 for every Rs. 10,000/- or part thereof of the stock or securities (exceeding the value of rupees twenty)	0.018	Rs.49.50/-
Bihar	Rs. 15/- for every Rs.1000/- or part thereof of the stock or securities (w.e.f July 02)	1.5	Rs.200/-
Delhi	Rs.1/- for every Rs.10,000/- or part thereof of the stock or securities	0.01	
Goa, Daman & Diu	Rs.1/- for every Rs.10,000/- or part thereof of the stock or securities	0.01	Rs.50/-
Gujrat	In the case of forward contract relating to purchase or sale of security. 0.35 paise for every Rs.5,000/- or part thereof of the stock or securities 0.008		
Haryana	0.30 paise for every Rs.10,000/- or part thereof of the stock or securities	0.003	Rs.30/-
Himachal Pradesh	0.30 paise for every Rs.10,000/- or part thereof of the stock or securities	0.003	Rs.30/-
Jammu & Kashmir	0.60 paise for every Rs.2500/- or part thereof of the stock or securities	0.024	
Karnataka	Rs.1/- for every Rs.10,000/- or part thereof of the stock or securities	0.01	
Kerala	0.50 paise for every Rs.10,000/- or part thereof of the stock or securities	0.005	Rs.50/-
Madhya Pradesh & Chhatisgarh	Rs.1/- for every Rs.10,000/- or part thereof of the stock or securities	0.01	
Maharashtra	Delivery 0.01% Squar up 0.002% F&O 0.002% Forward contract in commodity		
Meghalaya	2/- for every Rs.5000/- or part there of the value of	0.04%	Rs.40/-

	the stock or securities		
Nagaland	2/- for every Rs.5000/- or part there of the value of the stock or securities	0.04%	Rs.40/-
Orissa	0.50 paise for every Rs.10,000/- or part thereof of the stock or securities	0.005	Rs.42/-
Punjab	Rs.5/- for every Rs.10,000/- or part thereof of the stock or securities	0.05	
Rajasthan	0.5% of the value of the goods stocks or marketable securities subject to minimum of Rs.100/-	0.50	
Tamil Nadu	0.40 for every Rs.10,000/- or part thereof of the stock or securities	0.004	Rs.50/-
Uttar Pradesh	Rs.10/- for every Rs. 20,000/- or part there of the stock or securities	0.05	Rs.1000/-

- **What are the implications of stamp duty to a member as per SEBI Act?**
As per SEBI Act a member has to give Contract Note to his Client and thus Stamp Duty is necessary.
- **Why stamp duty differs from one state to another, do state govt. plays any role regarding reduction of Stamp Duty?**
Generally Stamp Duty is levied by respective states as per the Indian Stamp Act 1889, where by each state has modified the schedule to that Act. Certain States also have their own standalone stamp laws.